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TO AMEMBASSY TUNIS

USINT ALGIERS

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E.O.11652:NA

TAGS: BEXP AG TS

SUBJECT: DELETION OF FY 1975 TECHNICAL SALES SEMINAR:

OIL/GAS FIELD EQUIPMENT

REF: A. STATE A-4472; B. TUNIS A-120

1. SUMMARY:

INTENSIVE POLL OF U.S. OIL/GAS EQUIPMENT/INSTRUMENTATION
INDUSTRY CONDUCTED BY COMMERCE IN PRELIMINARY PLANNING FOR
FEBRUARY 1975 TECHNICAL SALES SEMINAR IN OIL/GAS EQUIPMENT
AND INSTRUMENTATION PRODUCES CONCLUSION THAT INDUSTRY GENERALLY
WILL NOT REPEAT NOT SUPPORT PROMOTIONAL ACTIVITY TO ALGERIA/
TUNISIA IN SPRING OF 1975 DUE TO VARIETY OF FACTORS NOTED BELOW.
AS RESULT, COMMERCE REGRETTABLY IS DELETING SEMINAR FROM
FY 1975 PROMOTIONAL SCHEDULE. END SUMMARY:

2. WHILE NUMBER OF FIRMS, PARTICULARLY DRILLING EQUIPMENT
SUPPLIERS' EXPRESS DEGREES OF INTEREST IN PROPOSED SEMINAR,
AND/OR COUNTRY MARKETS, PARTICULARLY ALGERIA, WE FORCED
CONCLUDE THAT RECRUITMENT FOR SEMINAR WOULD BE TOO DIFFICULT
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ATTEMPT AT THIS TIME.

3. PREDOMINANTLY NEGATIVE REASONS AGAINST SEMINAR INCLUDE FOLLOWING:

A. SPOKESMEN FOR TWO MOST IMPORTANT TRADE ASSOCIATIONS, PETROLEUM EQUIPMENT SUPPLIERS ASSN. (PESA) AND SCIENTIFIC APPARATUS MAKERS ASSN. (SAMA), PROCESS CONTROL DIVISION, WERE NOT ENTHUSIASTIC.

PESA REP NOTED THAT PETROLEUM INDUSTRY COMPOSED OF INTERNATIONAL MARKETERS WHO ALREADY KNOW FOREIGN SALES OPPORTUNITIES AND DOMESTIC-ORIENTED FIRMS WHICH SELL ABROAD MAINLY TO U.S. OPERATORS. ALSO STATED THAT MOST EQUIPMENT SOLD OVERSEAS TODAY CONSISTS OF COMPLETE SYSTEMS RATHER THAN INDIVIDUAL UNITS AND THAT LARGE FIRMS CAPABLE OF SUPPLYING SYSTEMS ARE WELL ACQUAINTED WITH FOREIGN MARKETS. SAMA REP SUGGESTED THAT MEMBER FIRMS INTERESTED IN NORTH AFRICAN SALES ALREADY COVER THE MARKET TO THEIR SATISFACTION.

B. SEVERAL LARGE COMPANIES WHICH ALREADY ACQUAINTED WITH ALGERIA MARKET FEEL SEMINAR DUPLICATES THEIR OWN EFFORTS. SOME, SUCH AS DRESSER AND DRILCO PERIODICALLY MAKE OWN TECHNICAL PRESENTATIONS TO SONATRACH OR BRING SONATRACH PERSONNEL TO U.S. AND ARE NOT INTERESTED IN MULTI-COMPANY SEMINAR APPROACH.

C. AS RESULT OF INCREASED DOMESTIC PETROLEUM PROSPECTING/ PRODUCTION TEMPO, MANY COMPANIES ARE SWAMPED WITH ORDERS, BACKLOGGED 18 TO 24 MONTHS. OFTEN, THEY SEE PROMOTION AS UNNECESSARY AT THIS TIME. NEW-TO-MARKETS PARTICULARLY UNWILLING EXPEND FUNDS OR TAKE ORDERS WHICH THEY CANNOT FILL.

D. SOME FIRMS LACK MANPOWER FOR PREPARATION OF PAPER AND/OR SEMINAR VISIT.

E. SOME FIRMS, PARTICULARLY INSTRUMENTATION, PRODUCE ONLY FOR DOWNSTREAM REFINERIES OR LNG FACILITIES, FOR WHICH EQUIPMENT IS GENERALLY PROCURED BY FOREIGN TURNKEY CONTRACTOR RATHER THAN HOST COUNTRY AGENCIES WHICH WOULD BE SEMINAR AUDIENCE.

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F. OTHERS BELIEVE SONATRACH, WHICH WOULD BE SEMINAR'S PRINCIPAL TARGET BUYER, IS SUFFICIENTLY SOPHISTICATED THAT IT KNOWS ITS SUPPLIERS ALREADY AND SENDS OWN TECHNICAL/BUYING OFFICIALS TO U.S. TO SEEK OUT COMPANIES OF INTEREST TO IT.

4. THERE REMAINS SMALL CORE OF INTERESTED FIRMS WITH WHOM WE INTEND REMAIN IN CONTACT AND DISTRIBUTE POST-CONDUCTED MARKET RESEARCH AS AVAILABLE. THEY, WITH OTHERS, WILL BE

PRIME CONTACTS IN SUPPORT OF U.S. EXHIBITION AT SEPTEMBER
1975 ALGIERS FAIR AND/OR OTHER FUTURE PROMOTION THIS THEME.

5. FOR TUNIS: WE APPRECIATE POST'S EXTRAORDINARY EFFORTS,
:9.097,\$3\$?6 53.094-46 STAFFING SHORTAGE, TO COMPLETE WELL
DRAFTED MARKET RESEARCH IN SUPPORT OF PLANNED TECHNICAL SALES
SEMINAR. WE PLAN DISSEMINATE THIS REPORT TO OIL/GAS EQUIPMENT
AND INSTRUMENTATION INDUSTRY IN COMBINATION WITH OTHER
POST REPORTING ON THIS SECTOR.

6. FOR ALGIERS: DATA COLLECTED BY POST WOULD BE VERY
USEFUL IN PROMOTING ATTENDENCE BY SUBJECT INDUSTRY AT
U.S. EXHIBITION, 1975 ALGIERS INTERNATIONAL FAIR. KISSINGER

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